#

# COG 25/2018

Agenda item: 11

# Report to Council of Governors

**Financial Position 2018-19**

**July 2018, Month 4**

**For Information**

**Introduction**

This report summarises the financial performance of the Trust at July 2018.

**Performance to Date**

The Income Statement at month 4 is included at Appendix A.

The key financial results for July 2018 are:

* An Income and Expenditure deficit of **£2.1m** which is **£0.3m** adverse to plan. If one-off benefits are excluded the result is £1.5m adverse to plan.
* EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£2.3m** which is **£0.5m** adverseto plan.
* The adverse variance of **£0.5m (£1.7m excluding one-off benefits)** is driven by operational pressures in respect of costs for patients required to be treated out of area (OATS), high use of residential care services, CAMHS high activity and agency premium costs.
* A period-end cash balance of **£22.5m** which is **£3.7m** higher than the plan.
* At month 4 the Trust’s overall Use of Resources risk rating would be a ‘3’. Within this the Agency metric is rated as a ‘4’ because spend on agency staff was significantly above the ceiling set by NHSI. The Trust continues to work on solutions to help address spend on agency. Additionally, the Income & Expenditure Margin and Capital Service Cover metrics are also rated as a ‘4’ because of the operating deficit position.

**Cost Improvement Programme**

* The Trust had a cost improvement target of **£6.0m** for 2018/19. There are eight projects under which underpin delivery of the target. Four of the eight projects aim to deliver £1m or more: Service Line productivity (pay), Agency Reduction, Non-Pay and New Models of Care.
* Cost improvements of **£1.8m** have been delivered to July, which includes non-recurrent mitigation items.

**Capital Programme**

Capital expenditure at month 4 was **£1.7m, which is £0.4m** below plan. The FY19 capital plan is for investment of **£12.8m**, which includes **£4.5m** for major building projects and **£2.0m** for the Global Digital Exemplar programme.

**2018-19 Plan:**

The full year plan is as follows:

* + - An Income & Expenditure surplus of £1.9m
		- EBITDA of £15.6m
		- CIP delivery of £6.0m
		- A Use of Resources Rating of ‘3’
		- A year-end cash balance of £13.6m
		- Capital investment of £12.8m

**Financial Recovery**

Due to the significant pressures experienced in the first two months a financial review and recover process was instigated. With the continued pressure experienced into July 2018 OHFT will formalise the Financial Recovery Plan process and the forecast outturn will be reviewed and revised as necessary at the end of Q2.

**Recommendation**

The Council of Governors is asked to note the financial position of the Trust.

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Appendix A

Income Statement 2018-19 – month 4

